

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Unclaimed Life Insurance Benefits Act.

6 Section 5. Purpose. This Act shall require recognition of
7 the Uniform Disposition of Unclaimed Property Act and require
8 the complete and proper disclosure, transparency, and
9 accountability relating to any method of payment for life
10 insurance, annuity, or retained asset agreement death
11 benefits.

12 Section 10. Definitions. As used in this Act:

13 "Annuity contract" does not include an annuity contract
14 used to fund an employment-based retirement plan or program
15 where (1) the insurer does not perform the record keeping
16 services or (2) the insurer is not committed by the terms of
17 the annuity contract to pay death benefits to the beneficiaries
18 of specific plan participants.

19 "Date of death" means the date on which an insured, annuity
20 owner, or retained asset account holder died.

21 "Date of death notice" means the date the insurer first has
22 notice of the date of death of an insured, annuity owner, or

1 retained asset account holder. "Date of death notice" includes,
2 but is not limited to, the date the insurer received
3 information or gained knowledge of a Death Master File match or
4 any other source or record maintained or located in insurer
5 records of the death of an insured, annuity owner, or retained
6 asset account holder.

7 "Death Master File" means the United States Social Security
8 Administration's Death Master File or any other database or
9 service that is at least as comprehensive as the United States
10 Social Security Administration's Death Master File for
11 determining that a person has reportedly died.

12 "Death Master File match" means a match of the social
13 security number or the name and date of birth of an insured,
14 annuity owner, or retained asset account holder resulting from
15 a search of the Death Master File.

16 "Department" means the Department of Insurance.

17 "Lost policy finder" means a service made available by the
18 Department on its website or otherwise developed by the
19 Department to assist consumers with locating unclaimed life
20 insurance benefits.

21 "Policy" means any policy or certificate of life insurance
22 that provides a death benefit. "Policy" does not include any
23 policy or certificate of credit life or accidental death
24 insurance or health coverages, including, but not limited to,
25 disability and long-term care arising from the reported death
26 of a person insured under the coverage, or any policy issued to

1 a group master policyholder for which the insurer does not
2 provide record keeping services.

3 "Record keeping services" means services provided under
4 circumstances in which the insurer has agreed with a group
5 policy or annuity contract customer to be responsible for
6 obtaining, maintaining, and administering its own or its
7 agents' systems information about each individual insured
8 under an insured's group insurance contract, or a line of
9 coverage thereunder, including, but not limited to, the
10 following: (1) social security number or name and date of
11 birth, (2) beneficiary designation information, (3) coverage
12 eligibility, (4) benefit amount, and (5) premium payment
13 status.

14 "Retained asset account" means any mechanism whereby the
15 settlement of proceeds payable under a policy or annuity
16 contract is accomplished by the insurer or an entity acting on
17 behalf of the insurer depositing the proceeds into an account
18 with check or draft writing privileges, where those proceeds
19 are retained by the insurer or its agent pursuant to a
20 supplementary contract not involving annuity benefits other
21 than death benefits.

22 Section 15. Insurer conduct.

23 (a) An insurer shall initially perform a comparison of its
24 insureds', annuitants', and retained asset account holders'
25 in-force policies, annuity contracts, and retained asset

1 accounts by using the full Death Master File. The initial
2 comparison shall be completed on or before December 31, 2017,
3 unless extended by the Department pursuant to administrative
4 rule. Thereafter, an insurer shall perform a comparison on at
5 least a semi-annual basis using the Death Master File update
6 files for comparisons to identify potential matches of its
7 insureds, annuitants, and retained asset account holders. In
8 the event that one of the insurer's lines of business conducts
9 a search for matches of its insureds, annuitants, and retained
10 asset account holders against the Death Master File at
11 intervals more frequently than semi-annually, then all lines of
12 the insurer's business shall conduct searches for matches
13 against the Death Master File with the same frequency.

14 An insured, an annuitant, or a retained asset account
15 holder is presumed dead if the date of his or her death is
16 indicated by the comparison required in this subsection (a),
17 unless the insurer has competent and substantial evidence that
18 the person is living, including, but not limited to, a contact
19 made by the insurer with the person or his or her legal
20 representative.

21 For those potential matches identified as a result of a
22 Death Master File match, the insurer shall within 120 days
23 after the date of death notice, if the insurer has not been
24 contacted by a beneficiary, determine whether benefits are due
25 in accordance with the applicable policy or contract and, if
26 benefits are due in accordance with the applicable policy or

1 contract:

2 (1) use good faith efforts, which shall be documented
3 by the insurer, to locate the beneficiary or beneficiaries;
4 the Department shall establish by administrative rule
5 minimum standards for what constitutes good faith efforts
6 to locate a beneficiary, which shall include: (A) searching
7 insurer records; (B) the appropriate use of First Class
8 United States mail, e-mail addresses, and telephone calls;
9 and (C) reasonable efforts by insurers to obtain updated
10 contact information for the beneficiary or beneficiaries;
11 good faith efforts shall not include additional attempts to
12 contact the beneficiary at an address already confirmed not
13 to be current; and

14 (2) provide the appropriate claims forms or
15 instructions to the beneficiary or beneficiaries to make a
16 claim, including the need to provide an official death
17 certificate if applicable under the policy or annuity
18 contract.

19 (b) Insurers shall implement procedures to account for the
20 following when conducting searches of the Death Master File:

21 (1) common nicknames, initials used in lieu of a first
22 or middle name, use of a middle name, compound first and
23 middle names, and interchanged first and middle names;

24 (2) compound last names, maiden or married names, and
25 hyphens, blank spaces, or apostrophes in last names;

26 (3) transposition of the "month" and "date" portions of

1 the date of birth; and

2 (4) incomplete social security numbers.

3 (c) To the extent permitted by law, an insurer may disclose
4 the minimum necessary personal information about the insured,
5 annuity owner, retained asset account holder, or beneficiary to
6 a person whom the insurer reasonably believes may be able to
7 assist the insurer with locating the beneficiary or a person
8 otherwise entitled to payment of the claims proceeds.

9 (d) An insurer or its service provider shall not charge any
10 beneficiary or other authorized representative for any fees or
11 costs associated with a Death Master File search or
12 verification of a Death Master File match conducted pursuant to
13 this Act.

14 (e) The benefits from a policy, annuity contract, or a
15 retained asset account, plus any applicable accrued interest,
16 shall first be payable to the designated beneficiaries or
17 owners and, in the event the beneficiaries or owners cannot be
18 found, shall be reported and delivered to the State Treasurer
19 pursuant to the Uniform Disposition of Unclaimed Property Act.
20 Nothing in this subsection (e) is intended to alter the amounts
21 reportable under the existing provisions of the Uniform
22 Disposition of Unclaimed Property Act or to allow the
23 imposition of additional statutory interest under Article XIV
24 of the Illinois Insurance Code.

25 (f) Failure to meet any requirement of this Section with
26 such frequency as to constitute a general business practice is

1 a violation of Section 424 of the Illinois Insurance Code.
2 Nothing in this Section shall be construed to create or imply a
3 private cause of action for a violation of this Section.

4 Section 20. Uniform Disposition of Unclaimed Property Act.
5 Nothing in this Act shall be construed to amend, modify, or
6 supersede the Uniform Disposition of Unclaimed Property Act,
7 including the authority of the State Treasurer to examine the
8 records of any person if the State Treasurer has reason to
9 believe that such person has failed to report property that
10 should have been reported pursuant to the Uniform Disposition
11 of Unclaimed Property Act.

12 Section 25. Lost policy finder.

13 (a) The Department shall develop and implement a lost
14 policy finder to assist requesters with locating unclaimed life
15 insurance benefits. The lost policy finder shall be available
16 online and via other means. The Department shall assist a
17 requester with using the lost policy finder, including
18 informing the requester of the information that an insurer may
19 need to facilitate responding to the request.

20 (b) As soon as practicable, but no later than 30 days after
21 receiving a request from a requester via the lost policy
22 finder, the Department shall:

23 (1) forward the request to all insurers deemed
24 necessary by the Department in order to successfully

1 respond to the request; and

2 (2) inform the requester that the Department received
3 the request and forwarded the request to all insurers
4 deemed necessary by the Department in order to successfully
5 respond to the request.

6 (c) Upon receiving a request forwarded by the Department
7 through a lost policy finder, an insurer shall search for
8 policies and any accounts subject to this Act that insure the
9 life of or are owned by an individual named as the decedent in
10 the request forwarded by the Department.

11 (d) Within 30 days after receiving the request referenced
12 in subsection (b) of this Section, or within 45 days after
13 receiving the request where the insurer contracts with another
14 entity to maintain the insurer's records, the insurer shall:

15 (1) report to the Department through the lost policy
16 finder the findings of the search conducted pursuant to
17 subsection (c) of this Section;

18 (2) for each identified policy and account insuring the
19 life of, or owned by, the individual named as the decedent
20 in the request, provide to a requester who is:

21 (A) also the beneficiary of record on the
22 identified policy or account, the information
23 necessary to make a claim pursuant to the terms of the
24 policy or account; and

25 (B) not the beneficiary of record on the identified
26 policy or account, the requested information to the

1 extent permissible to be disclosed in accordance with
2 any applicable law, rule, or regulation and take such
3 other steps necessary to facilitate the payment of any
4 benefit that may be due under the identified policy or
5 account.

6 (e) The Department shall, within 30 days after receiving
7 from all insurers the information required in item (1) of
8 subsection (d) of this Section, inform the requester of the
9 results of the search.

10 (f) When a beneficiary identified in subsection (d) of this
11 Section submits a claim or claims to an insurer, the insurer
12 shall process such claim or claims and make prompt payments and
13 distributions in accordance with all applicable laws, rules,
14 and regulations.

15 (g) Within 30 days after the final disposition of the
16 request, an insurer shall report to the Department through the
17 lost policy finder any benefits paid and any other information
18 requested by the Department.

19 Section 30. Administrative rules.

20 (a) The Department shall adopt rules to administer and
21 implement this Act.

22 (b) The Department may limit an insurer's Death Master File
23 comparisons required under Section 15 of this Act to the
24 insurer's electronic searchable files or approve a plan and
25 timeline for conversion of the insurer's files to searchable

1 electronic files upon a demonstration of hardship by the
2 insurer.

3 Section 35. Application. The provisions of this Act apply
4 to policies, annuity contracts, and retained asset accounts in
5 force on or after the effective date of this Act.

6 Section 40. The Illinois Insurance Code is amended by
7 changing Section 424 as follows:

8 (215 ILCS 5/424) (from Ch. 73, par. 1031)

9 Sec. 424. Unfair methods of competition and unfair or
10 deceptive acts or practices defined. The following are hereby
11 defined as unfair methods of competition and unfair and
12 deceptive acts or practices in the business of insurance:

13 (1) The commission by any person of any one or more of
14 the acts defined or prohibited by Sections 134, 143.24c,
15 147, 148, 149, 151, 155.22, 155.22a, 155.42, 236, 237, 364,
16 and 469 of this Code.

17 (2) Entering into any agreement to commit, or by any
18 concerted action committing, any act of boycott, coercion
19 or intimidation resulting in or tending to result in
20 unreasonable restraint of, or monopoly in, the business of
21 insurance.

22 (3) Making or permitting, in the case of insurance of
23 the types enumerated in Classes 1, 2, and 3 of Section 4,

1 any unfair discrimination between individuals or risks of
2 the same class or of essentially the same hazard and
3 expense element because of the race, color, religion, or
4 national origin of such insurance risks or applicants. The
5 application of this Article to the types of insurance
6 enumerated in Class 1 of Section 4 shall in no way limit,
7 reduce, or impair the protections and remedies already
8 provided for by Sections 236 and 364 of this Code or any
9 other provision of this Code.

10 (4) Engaging in any of the acts or practices defined in
11 or prohibited by Sections 154.5 through 154.8 of this Code.

12 (5) Making or charging any rate for insurance against
13 losses arising from the use or ownership of a motor vehicle
14 which requires a higher premium of any person by reason of
15 his physical disability, race, color, religion, or
16 national origin.

17 (6) Failing to meet any requirement of the Unclaimed
18 Life Insurance Benefits Act with such frequency as to
19 constitute a general business practice.

20 (Source: P.A. 99-143, eff. 7-27-15.)